

# **PURCHASE OF BACK CONTRIBUTIONS**

A.C.A. § 24-7-502(b)(5)(A)(i)

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## **DEFINITION**

**Back contributions** mean contributions payable by an active member for service rendered in a covered position after July 1, 1937, on which no applicable contributions have been paid and on which no service has been credited.

## **RULES** (Amended by Act 206 of 1997)

1. After July 1, 1971, the number of days required to establish a year of service since 1937 is 120 days. Fractional credit may also be established only for service rendered after July 1, 1971. [A.C.A. § 24-7-502(b)(5)(A)(ii)].
2. Credit for back service established before July 1, 1984, may be purchased by an active member who pays the employee contributions, plus interest, from the time the service was rendered until contributions are paid in full.
3. Effective July 1, 1984, back service credit may be established by an active member who pays both the employee and employer contributions, plus interest, from the time the service was rendered until contributions are paid in full. [A.C.A. § 24-7-502 (b)(5)(B)].
4. Nos. 2 and 3 above shall be applicable to:
  - A. Service credit being established by an active member who has elected to exclude himself/herself from membership under A.C.A. § 24-7-501(b)(1).
  - B. Any other eligible service for which no service credit has been established.
5. Back contributions will not be billed on service before July 1, 1971, unless days of service are at least 120 days. [A.C.A. § 24-7-502(b)(5)(A)(ii)].
6. See A.C.A. § 24-7-406(a)(6).
7. If all back service credit is not purchased at one time, the member must purchase the remainder in inverse order.
8. Effective July 1, 1997, repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).

9. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).
10. All rules pertaining to the minimum payments and payment methods are contained in the Rule No. 8-5 (Purchase Payment Rules).

**Amended:** February 3, 2004  
June 15, 2004